



Automotive Component Manufacturers Association of India

## Press Release

**Indian Auto Component Industry clocks turnover of Rs. 3.4 lakh crore (USD 45.9 billion), de-grows 3 per cent in FY 2020-21**

- ***Sales to OEMs declined 3%, imports by 11% and exports by 8%***
- ***Auto component Aftermarket at Rs.64,524 crore (USD 8.7 billion) declined 7%***
- ***Industry cautiously optimistic as economy revives and vehicle demand exhibits stability***

**New Delhi; 03 August 2021:** Automotive Component Manufacturers Association of India (ACMA), the apex body representing India's Auto Component manufacturing industry today announced the findings of its Industry Performance Review for the fiscal year 2020-21. The turnover of the automotive component industry stood at Rs. 3.40 lakh crore (USD 45.9 billion) for the period April 2020 to March 2021, registering a de-growth of 3 per cent over the previous year.

Commenting on the performance of the auto component industry, **Vinnie Mehta, Director General, ACMA** said, *"The vehicle industry in India witnessed two successive years of de-growth of 14.6 per cent in FY19-20 and thereafter of 13.6 per cent in FY20-21. The economic slowdown of FY19-20 was compounded by the challenges of a pandemic led national lockdown in FY20-21 resulting in decline in vehicle production and consumption. While the first quarter of FY20-21 was a complete washout, the industry regained significant ground second quarter onwards. The component industry, in tandem, posted a subdued performance in FY20-21 with de-growth of 3 per cent over the previous year, registering a turnover of Rs.3.4 lakh crore (USD 45.9 billion). In the domestic market, Auto Component sales to OEMs at Rs.2.79 lakh crore (USD 37.7 billion) declined by 3 per cent while the Aftermarket at Rs.64,524 crore (USD 8.7 billion) declined by 7 per cent. Exports and imports stood at Rs. 0.98 lakh crore (USD 13.3 billion) and Rs. 1.02 lakh crore (USD 13.8 billion) respectively, thus reducing the trade balance to USD 500 million, the lowest ever; exports declined by 8 per cent while imports by 11 per cent.*

Sharing his insights on performance of the industry and how it managed the supply-chain disruptions, **Deepak Jain, President, ACMA** said, *"The automotive value-chain faced significant disruptions in FY20-21. The nationwide lock-down in wake of the pandemic, one of the severest in the world, put the entire supply chain in a disarray. The entire industry took a significant time to stabilise again post the gradual unlocking of the*

*economy. While vehicle sales and production improved quarter-on-quarter from second quarter of FY20-21 onwards, however the first quarter of FY21-22 was once again confronted with another round of disruptions due to the second wave of the pandemic. While this wave was a much severe humanitarian crisis, the lockdowns, however were regional, in line with the Government's ethos of 'Lives and Livelihoods' resulting in lesser adverse impact on economy and production."*

*"In this environment of volatility, despite disruption of production in supply chain, the industry displayed remarkable resilience and evolved in a spirit of collaboration. Whilst the OEMs gave consistent direction and visibility, the component industry supported well in ensuring smooth ramp-up and business continuity. It is also noteworthy that despite several challenges, many ACMA members undertook relief measures by setting up hospitals and oxygen camps, donating ventilators and concentrators, and contributing generously towards community service.", added Jain.*

Speaking about the headwinds being faced by the industry, **Jain** elaborated, *"With economy progressively returning to normal and as vehicular demand picks-ups, we are cautiously optimistic about the performance of the industry for this year. The challenges on the front of availability of semiconductors, escalating prices as also availability of raw materials, challenges on the front of logistics including non-availability and high prices of containers, among others, continue to hinder a smooth recovery. We are also wary of a third wave of pandemic and hope that the current revival in demand will be a sustained one. We are optimistic that the lessons learnt in managing the first two will stand us in good stead in managing the third one as well."*

On the policy front, ACMA is grateful to the government for the recent announcement of the Production Linked Incentive (PLI) scheme for the ACC Battery Storage, which is a right step towards creating a holistic ecosystem for manufacturing and sustaining of electric mobility in the country. That apart, while the PLI scheme for auto and auto component industry has been announced, the industry awaits its finer details. The PLI scheme for auto and auto components is expected to create an export competitive auto component industry as also give a thrust to its localisation. The industry is also keen on an early announcement of the details of the RODEPT (Remission of Duties and Taxes on Export Products) scheme, that will refund embedded taxes and duties, previously non-recoverable, to make component exports price competitive.

#### **Key findings of the ACMA Annual Industry Performance Review for 2020-21:**

- **Sales to OEMs:** Auto Component sales to OEMs, in the domestic market, at Rs.2.79 lakh crore (USD 37.7 billion), declined 3 per cent compared to the previous year. Sales

to OEMs in the H1 2021 had declined by 31 per cent over the first-half of the previous year, however it witnessed a healthy recovery in H2 2021.

- **Exports:** Exports of auto components witnessed degrowth of 8 per cent to Rs.0.98 lakh crore (USD 13.3 billion) in 2020-21 from Rs 1.02 lakh crore (USD 14.5 billion) in 2019-20. Europe accounting for 32 per cent of exports, saw a decline of 4 percent, while North America and Asia, accounting for 30 per cent and 26 per cent declined 7 percent and 8 percent respectively.

The key export items included drive transmission & steering, engine components, Body/Chassis, Suspension & Braking etc.

- **Imports:** Slowdown in the domestic market also reflected on imports of component into India. Component imports fell by 11 per cent to Rs.1.02 lakh crore (USD 13.8 billion) in 2020-21 from Rs.1.09 lakh crore (USD 15.4 billion) in 2019-20. Asia accounted for 66 per cent of imports followed by Europe and North America at 25 per cent and 7 per cent respectively. Imports from Asia declined by 9 per cent, while those from Europe by 13 per cent and from North America by 17 per cent.
- **Aftermarket:** While the two-wheelers and passenger vehicles segments of the aftermarket witnessed strong recovery, revival in the commercial vehicles aftermarket was less than expected leading to an overall decline of 7 per cent in the aftermarket. The turnover of the aftermarket in FY20-21 stood at Rs.64,524 crore (USD 8.7 billion) compared to Rs 69.381 crore (USD 9.8 billion) in the previous year.

Note:

1. *Turnover data represents the entire supplies from the auto component industry (ACMA members and non-members) to the on-road and off-road vehicle manufacturers and the aftermarket in India as well as exports. This also includes component supplies captive to the OEMs and by the unorganized and smaller players.*
2. *Percentage Growth figures of total turnover of the auto component industry, sales to OEMs and aftermarket are in Rupee-terms while those of exports and imports are in Dollar-terms*

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#### **About ACMA:**

The Automotive Component Manufacturers Association of India (ACMA) is the apex body representing the interest of the Indian Auto Component Industry. Its membership of over 850

manufacturers contributes more than 90% of the auto component industry's turnover in the organized sector. ACMA is an ISO 9001:2015 Certified Association.

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